

Message

From: Phillips, Anna [Phillips.Ann@epa.gov]
Sent: 9/23/2016 3:14:27 PM
To: Bunker, Byron [bunker.byron@epa.gov]; Blubaugh, Jim [Blubaugh.Jim@epa.gov]
Subject: Fwd: Tasking Econ Paper for DAS Tribble's Brussels Trip

Another satisfied customer...

Byron, thanks again for your help.

Begin forwarded message:

From: Ex. 6 Personal Privacy (PP) [redacted]@state.gov>
Date: September 23, 2016 at 1:11:48 PM GMT+2
To: "Phillips, Anna" <Phillips.Ann@epa.gov>
Cc: Ex. 6 Personal Privacy (PP) (USEU)" [redacted]@state.gov>, Ex. 6 Personal Privacy (PP) (USEU)" [redacted]@state.gov>
Subject: RE: Tasking Econ Paper for DAS Tribble's Brussels Trip

Many, many thanks Anna for your edits and clearance! I really appreciate it and will be sure to share if anything comes out of DAS Tribble's discussions while in Brussels.

Best regards,

[redacted]
Ex. 6 Personal Privacy (PP)

From: Phillips, Anna [mailto:Phillips.Ann@epa.gov]
Sent: Friday, September 23, 2016 5:19 AM
To: [redacted]
Cc: Ex. 6 Personal Privacy (PP) [redacted] (USEU)
Subject: Re: Tasking Econ Paper for DAS Tribble's Brussels Trip

Hi, [redacted] -- Many thanks for the chance to provide input on this. EPA has the following comments which we hope will be helpful...

The \$14.7 billion in the U.S. is for a partial settlement (injunctive relief) which does not include civil fines. Please revise that sentence to remove the reference to civil fines and refer instead to "compensation and environmental mitigation."

We also would delete the final sentence which is speculative and replace it with this statement from the DOJ announcement:

The partial U.S. settlements require VW to spend up to \$10 billion to buyback, terminate leases, or modify affected 2.0 liter vehicles and compensate consumers, and spend \$4.7 billion to mitigate pollution and make investments that support zero-emission vehicle technology.

We'll also look forward to any updates on this topic from DAS Tribble's visit to Brussels.

Best,
Anna

On Sep 22, 2016, at 11:55 PM, **Ex. 6 Personal Privacy (PP)** <[REDACTED]@state.gov> wrote:

Thanks so much Anna! I really appreciate it!

From: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Sent: Thursday, September 22, 2016 5:54 PM
To: **Ex. 6 Personal Privacy (PP)**
Cc: **Ex. 6 Personal Privacy (PP)** (USEU); **Ex. 6 Personal Privacy (PP)** (USEU)
Subject: Re: Tasking Econ Paper for DAS Tribble's Brussels Trip

Hi, **Ex. 6 Personal Privacy (PP)** - As **Ex. 6 Personal Privacy (PP)** and **Ex. 6 Personal Privacy (PP)** know, I am now in Europe with EPA's experts on this topic so I will share this with them and (given the time difference) will get you their feedback tomorrow (Friday).

Best,
Anna

On Sep 22, 2016, at 11:44 PM, **Ex. 6 Personal Privacy (PP)** <[REDACTED]@state.gov> wrote:

Ex. 6 Personal Privacy (PP) and Anna,

We are preparing paper for DAS Tribble's trip to Brussels. In preparation for the BDI (Federation of German Industries) meeting, I drafted a short update on Volkswagen. I would welcome any thoughts or additional input you feel like DAS Tribble should know for this meeting. Many thanks, **Ex. 6 Personal Privacy (PP)**

Ex. 5 Deliberative Process (DP)

Thanks [Ex. 6 Personal Privacy (PP)]

This email is UNCLASSIFIED.

From: [Ex. 6 Personal Privacy (PP)] (USEU)
Sent: Tuesday, October 20, 2015 10:52 AM
To: [Ex. 6 Personal Privacy (PP)]
Subject: FW: Emailing: VW Scandal Exposes Cozy Ties in Europe's New Car Tests - The New York Times.htm

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[Ex. 6 Personal Privacy (PP)]

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Subject: Emailing: VW Scandal Exposes Cozy Ties in Europe's New Car Tests - The New York Times.htm

Anna,

This article explains how there is no independent government body that is responsible for not running the emissions tests and enforcing emissions requirements. It explains how the EPA complements other testing methods by doing random on road inspections after the cars are already on the road. [Ex. 5 Deliberative Process (DP)]

Ex. 5 Deliberative Process (DP)

[Ex. 6 Personal Privacy (PP)]

<http://www.nytimes.com/2015/10/15/business/international/cozy-relations-complicate-europes-bid-for-new-car-tests.html?mabReward=CTM&module=WelcomeBackModal&contentCollection=International%20Business®ion=FixedCenter&action=click&src=recg&pgtype=article>

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VW Scandal Exposes Cozy Ties in Europe's New Car Tests

By DANNY HAKIM and GRAHAM BOWLEY OCT. 14, 2015

Inside

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Photo

Guido Rettig, left, chairman of TÜV Nord, presented the quality management certificate to Martin Winterkorn, second from left, then chairman at Volkswagen, in Wolfsburg, Germany, earlier this year. Credit TÜV Nord

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LONDON – Three diesel cars were taken out for a trial run last year by a German engineering and testing company. Employees at the company, TÜV Nord, drove the cars in Stuttgart and in Munich, and in suburbs, on country roads and on highways.

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What they found was that all of the cars – a Volkswagen, a BMW and a Mazda – gave off far more pollutants than they did in lab tests, in some cases, more than six times the limit under new European regulations. For TÜV Nord, the research was just another confirmation of the shortcomings of the existing European lab tests.

The Hanover-based TÜV Nord knows as much as any company about how diesels perform on the road and in the lab. Widely regarded for its engineering expertise, the company has been a major force in developing a more accurate testing process for Europe’s cars, which is expected to be introduced in the next year or so.

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<image002.png>

[graphic](#)

How Volkswagen Got Away With Diesel Deception **OCT. 8, 2015**

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<image003.jpg>

But the scandal at Volkswagen has exposed the deep conflicts in the chummy world of European emissions testing, where car manufacturers hire outside firms to certify their pollution controls in laboratories. Not only is TÜV Nord at the forefront of finding

a new testing regimen for automakers, but it is also the company that signed off on VW's emissions tests in Europe.

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Graphic

How Volkswagen Got Away With Diesel Deception

[Volkswagen could have saved fuel or improved performance by allowing more pollutants to pass through its cars' exhaust systems, researchers said.](#)

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Many of Volkswagen's vehicles, the automaker admitted last month, included software programmed to cheat on laboratory emissions tests. Given TÜV Nord's testing expertise, the situation raises questions about what, if anything, it knew about VW's tactics. And it highlights the weaknesses in a system that relies on contractors paid by carmakers to carry out the tests.

Since Volkswagen admitted the deception, TÜV Nord has been largely silent. A spokeswoman declined to comment on the specifics of the Volkswagen case, including whether the vehicles it tested were programmed to thwart laboratory tests, or if it had raised concerns about the vehicles' performance on the tests.

In an email, the spokeswoman said little beyond confirming that "TÜV Nord performs emission measurements within the framework of the approval process for models of different vehicle manufacturers (among others for VW)."

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Who conducts emissions tests and how they are done remains a central question on both sides of the Atlantic after the Volkswagen scandal. While regulators in the United States allow automakers to do their own testing, the American system is seen as more robust than Europe, because the Environmental Protection Agency conducts random tests of its own.

Although Volkswagen's deception was particularly egregious, testing firms in Europe are generally seen as assisting automakers employ what are legal strategies to help their vehicles reduce their

pollution in a lab in ways they never could on the road. Among other problems with the process, automakers in Europe can run their tests on preproduction cars that may not perform like the cars that ultimately come off the assembly line.

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<image005.jpg>

Editorial: VW Needs to Come Clean, NowOCT. 8, 2015

“Testing companies assist with the distortion of laboratory test results to produce artificially low results,” said Greg Archer, the clean vehicles program manager at Transport & Environment, an advocacy group. “We have testing organizations that are working for the carmakers, exploiting all the loopholes that they can in an obsolete testing procedure.”

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TÜV Nord, which is privately held, has its roots as one of a number of trade associations set up to inspect steam boilers in 19th-century Germany. Now it has more than 10,000 employees around the world and inspects everything from satellite components to computer networks, and operates a food testing laboratory in Pune, India.

While one of TÜV Nord’s [promotional videos](#) notes its “objective outside viewpoint,” the company has a close relationship with Volkswagen, which goes beyond emissions testing.

TÜV Nord has also worked for Volkswagen in the United States; its engineers spent a week auditing environmental compliance at the carmaker’s plant in Chattanooga, Tenn., before production started in 2011. One of the members of TÜV Nord’s supervisory board, Stephan Schaller, has also been an executive at both Volkswagen and BMW during his tenure on the TÜV board.

This spring, TÃœV Nordâ€™s chairman, Guido Rettig, posed for a photograph next to Martin Winterkorn, then the chief executive of Volkswagen. Both men smiled as Mr. Rettig awarded Mr. Winterkorn and Volkswagen with an oversized certificate for overall quality excellence â€œthroughout its entire organization,â€• according to a news release.

â€œIt testifies to the outstanding work of everyone at VW,â€• Mr. Winterkorn said at the time.

Following the Volkswagen scandal, automakers have publicly embraced the on-road tests that TÃœV Nord and other groups are helping develop in Europe, though they are also lobbying behind the scenes to make them much easier to pass.

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None dispute that their cars emit more on the road than they do in the precise conditions of lab tests, as studies have shown. Volkswagen did not respond to requests for comment, but the two other companies involved in the TÃœV Nord test last year acknowledged such differences.

â€œThe driver may brake and accelerate more frequently, and ascend steeper slopes than is done during testing,â€• said Graeme Fudge, a Mazda spokesman. â€œAll of these factors will increase engine emissions.â€•

Michael Rebstock, a spokesman for BMW, said the company supported â€œrapid introduction of the new regulations to create clarity for consumers and the industry as quickly as possible.â€•

Concerns about diesel pollution have long festered in Europe, where diesels are more popular than anywhere else, and regulators have spent several years trying to develop tests outside laboratories. The United States has required such tests on large diesel trucks since a similar cheating scandal in 1998, but Europeâ€™s will be the first required for cars by regulators anywhere.

With its extensive research, TÃœV Nord, which has been developing portable testing equipment for trucks for more than a decade, was a natural partner on the project. The company has been a regular presence at a technical working group advising policy makers in Brussels, the seat of the European Commission.

Even environmental advocacy groups have sought TÃœVâ€™s help. Transport & Environment has taken part in discussions about

the new European tests and has used TÃœV Nord for one of its own studies.

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The International Council on Clean Transportation, which oversaw the independent tests of diesel emissions that led to the Volkswagen scandal, is currently collaborating on a study with TÃœV Nord of emissions from diesel-electric hybrid vehicles.

Vicente Franco, a researcher at I.C.C.T. who has taken part in meetings in Brussels with officials from TÃœV Nord, said the company â€œmade meaningful contributions that were meant to make the on-road tests more robust.â€•

Still, Mr. Franco conceded that the interconnectedness underscores the vulnerabilities of the system. â€œThere is a financial dependency between the technical services and manufacturers that at some point should be rethought to improve the confidence in the system, but this is a long-term process, and it takes a lot of political will,â€• he said.

Many policy makers have faulted the passive role played by regulators and believe there is a need for far more independent tests. Regulation in Europe is handled by each of the 28 member states, and there is little enforcement.

â€œWe are definitely against having self-regulatory tests, because obviously they are not working,â€• said Miriam Dalli, a Social Democrat from Malta who sits on the European Parliamentâ€™s environmental committee. â€œWe need an independent testing system.â€•

Giovanni La Via, the chairman of the Parliamentâ€™s environmental committee, says there needs to be a new European agency to oversee car testing in the 28 member states.

â€œEuropean institutions react after a scandal,â€• said Mr. La Via, a member of the center-right European Peopleâ€™s Party, the largest bloc in the Parliament. â€œWe need to use the same procedure for all the car producers. We cannot maintain 28 different systems.â€•

Danny Hakim reported from London, and Graham Bowley from Wolfsburg, Germany.

A version of this article appears in print on October 15, 2015, on page B1 of the New York edition with the headline: Cozy Relations Complicate Europe's Bid for New Car Tests . [Order Reprints](#) | [Today's Paper](#) | [Subscribe](#)

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Message

From: Phillips, Anna [Phillips.Aнна@epa.gov]
Sent: 9/23/2016 6:04:58 AM
To: Grundler, Christopher [grundler.christopher@epa.gov]; Blubaugh, Jim [Blubaugh.Jim@epa.gov]; Bunker, Byron [bunker.byron@epa.gov]
Subject: Fwd: Tasking Econ Paper for DAS Tribble's Brussels Trip
Attachments: 2016-09-20 Notional DAS Tribble Schedule for 9-28 Visit.docx; ATT00001.htm; ATT00002.htm; ATT00003.htm; ATT00004.htm; ATT00005.htm

As mentioned at breakfast, the State Department has asked for input/clearance on the attached.

Many thanks...
Anna

Begin forwarded message:

From: Ex. 6 Personal Privacy (PP) [redacted]@state.gov
Date: September 22, 2016 at 11:44:37 PM GMT+2
To: Ex. 6 Personal Privacy (PP) [redacted] (USEU); Ex. 6 Personal Privacy (PP) [redacted]@state.gov; Ex. 6 Personal Privacy (PP) [redacted] (USEU)"
Ex. 6 Personal Privacy (PP) [redacted]@state.gov, "Phillips, Anna (Phillips.Aнна@epa.gov)" <Phillips.Aнна@epa.gov>
Subject: FW: Tasking Econ Paper for DAS Tribble's Brussels Trip

Ex. 6 Personal Privacy (PP) [redacted] and Anna,

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Ex. 5 Deliberative Process (DP)

Thanks [redacted]

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From: [redacted] (USEU)
Sent: Tuesday, October 20, 2015 10:52 AM
To: [redacted]
Subject: FW: Emailing: VW Scandal Exposes Cozy Ties in Europe's New Car Tests - The New York Times.htm

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Subject: Emailing: VW Scandal Exposes Cozy Ties in Europe's New Car Tests - The New York Times.htm

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VW Scandal Exposes Cozy Ties in Europe's New Car Tests

By [DANNY HAKIM](#) and [GRAHAM BOWLEY](#) OCT. 14, 2015

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Guido Rettig, left, chairman of TÃœV Nord, presented the quality management certificate to Martin Winterkorn, second from left, then chairman at Volkswagen, in Wolfsburg, Germany, earlier this year. Credit TÃœV Nord

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LONDON â€” Three diesel cars were taken out for a trial run last year by a German engineering and testing company. Employees at the company, TÃœV Nord, drove the cars in Stuttgart and in Munich, and in suburbs, on country roads and on highways.

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The Hanover-based TÃœV Nord knows as much as any company about how diesels perform on the road and in the lab. Widely regarded for its engineering expertise, the company has been a major force in developing a more accurate testing process for Europeâ€™s cars, which is expected to be introduced in the next year or so.

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From: Phillips, Anna [Phillips.Ann@epa.gov]
Sent: 11/30/2015 7:06:30 PM
To: Grundler, Christopher [grundler.christopher@epa.gov]; Simon, Karl [Simon.Karl@epa.gov]; Blubaugh, Jim [Blubaugh.Jim@epa.gov]
CC: Kasman, Mark [Kasman.Mark@epa.gov]; Almodovar, Lisa [Almodovar.Lisa@epa.gov]
Subject: FW: German Government's Cautious Response to Volkswagen's Emissions Manipulation

FYI, here is some recent reporting from Embassy Berlin which is consistent with the meeting last month with Minister Dobrindt. I've also pasted the summary pasted below for easier reference...

1. (SBU) **SUMMARY:** Caught off guard by the Volkswagen scandal, the German government has taken several steps to address the emissions cheating of the company and to redress the sector wide emissions issues the case has highlighted. Most directly impacting Volkswagen (VW), the German government ordered a recall and a retrofit of all 2.4 million affected diesel cars in Germany. Addressing emissions concerns, the government coordinated closely with the European Commission (EC) to reach an agreement on October 28 to implement new testing procedures including road testing beginning in 2017. Government officials describe VW's management as very cooperative and transparent and told us they believe the company is making a real effort to come clean in all aspects. The German government is trying to walk a fine line between holding the company responsible for the manipulation of nitrogen oxide (NOx) emissions and the under-reporting of carbon dioxide (CO2) emissions, while also protecting Germany's largest company and employer of 270,000 workers. In Germany alone, more than 2.4 million diesel vehicles carry the defeat device, while the CO2 emissions of more than 800,000 VW cars sold in Europe were understated. The Greens and non-governmental organizations such as the International Council on Clean Transportation (ICCT) expressed disappointment with the new European vehicle emission standards as the allowed NOx emission levels will still be up to four times higher in the EU as compared to the United States. They also criticized the German government for not being decisive enough and for putting industry concerns over air and climate protection. **END SUMMARY**

~~~~~  
**Anna Phillips**

Program Manager for Europe  
U.S. Environmental Protection Agency (EPA)  
Office of International & Tribal Affairs  
Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427  
E-mail: [phillips.anna@epa.gov](mailto:phillips.anna@epa.gov)  
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**From:** [Ex. 6 Personal Privacy (PP)] [mailto:[Ex. 6 Personal Privacy (PP)]@state.gov]  
**Sent:** Tuesday, November 24, 2015 5:56 AM  
**To:** Phillips, Anna <Phillips.Ann@epa.gov>  
**Cc:** [Ex. 6 Personal Privacy (PP)]  
**Subject:** FW: German Government's Cautious Response to Volkswagen's Emissions Manipulation

Dear Anna,



You might find this cable on the German government's response to the Volkswagen case interesting.

Kind regards,

Ex. 6 Personal Privacy (PP)

Ex. 6 Personal Privacy (PP)

Energy, Transportation and Industry Specialist  
U.S. Embassy Berlin, Germany  
Pariser Platz 2 · 14191 Berlin

Email: Ex. 6 Personal Privacy (PP) @state.gov

Tel.: Ex. 6 Personal Privacy (PP)

Fax: (+49) 30 8305 2345

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**From:** SMART Core

**Sent:** Tuesday, November 24, 2015 11:53 AM

**To:** Ex. 6 Personal Privacy (PP)

**Cc:** BERLIN-SMARTS

**Subject:** German Government's Cautious Response to Volkswagen's Emissions Manipulation

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Emissions  
Manipulation

1. (SBU) **SUMMARY:** Caught off guard by the Volkswagen scandal, the German government has taken several steps to address the emissions cheating of the company and to redress the sector wide emissions issues the case has highlighted. Most directly impacting Volkswagen (VW), the German government ordered a recall and a retrofit of all 2.4 million affected diesel cars in Germany. Addressing emissions concerns, the government coordinated closely with the European Commission (EC) to reach an agreement on October 28 to implement new testing procedures including road testing beginning in 2017. Government officials describe VW's management as very cooperative and transparent and told us they believe the company is making a real effort to come clean in all aspects. The German government is trying to walk a fine line between holding the company responsible for the manipulation of nitrogen oxide (NOx) emissions and the under-reporting of carbon dioxide (CO2) emissions, while also protecting Germany's largest company and employer of 270,000 workers. In Germany alone, more than 2.4 million diesel vehicles carry the defeat device, while the CO2 emissions of more than 800,000 VW cars sold in Europe were understated. The Greens and non-governmental organizations such as the International Council on Clean Transportation (ICCT) expressed disappointment with the new European vehicle emission standards as the allowed NOx emission levels will still be up to four times higher in the EU as compared to the United States. They also criticized the German government for not being decisive enough and for putting industry concerns over air and climate protection. END SUMMARY

**Ex. 6 Personal Privacy (PP)** Sets Up VW Investigation Committee

2. (SBU) A senior official **Ex. 6 Personal Privacy (PP)** told EconOffs in mid-November that Transportation Minister Dobrindt had set up an investigative commission in late September to look into the allegations against VW. The commission, comprised of officials from Germany's Motor Transport Authority (KBA), **Ex. 6 Personal Privacy (PP)** and scientific consultants, is led by Transportation State Secretary Michael Odenwald. The commission is coordinating the German government's activities to find technical solutions to the VW scandal, while the State Prosecutors Office in Braunschweig/Lower Saxony, where VW is based, has the lead on possible judicial persecution of VW managers. Volkswagen has to date acknowledged the installation of emission control system defeat devices in model years 2009 through 2015 diesel light-duty vehicles, impacting 11 million vehicles worldwide, 2.4 million of which are located in Germany. On November 20, more than two months after VW's cheating became public, the company admitted that besides vehicles with 2.0, 1.6 and 1.2-liter diesel engines, Volkswagen and Audi models with a 3.0-liter diesel engine from model years 2009 through 2016 were also rigged to pass the emissions tests. Additionally, VW confirmed the company also under-reported CO2 levels for approximately 800,000 cars, including those with regular gasoline engines. The **Ex. 6 Personal Privacy (PP)** official portrayed VW's management in a fairly positive light claiming that the carmaker has been very cooperative and self-critical in all interactions with the German government since the allegations came to light.

**VW Ordered to Retrofit Manipulated Cars**

3. (SBU) The **Ex. 6 Personal Privacy (PP)** official explained to EconOffs that **Ex. 6 Personal Privacy (PP)** together with the KBA ordered a mandatory recall beginning in early 2016 of the 2.4 million cars in Germany with diesel motors carrying software intended to manipulate NOx emissions test results. The KBA has demanded Volkswagen remove the defeat device that detects test cycles and modifies performance and exhaust accordingly to meet the emission standards. The German motor transport authority KBA has reached out to other European vehicle approval

authorities and requested they also order a recall of affected Volkswagen cars, according to [Ex. 6 Personal Privacy (PP)] official. He noted Volkswagen recently presented the government with retrofit plans for the engines in question and assured the German authorities that the proposed changes will enable affected vehicles in Germany to attain the required emission levels. For vehicles with 1.2- and 2.0-liter diesel engines, the proposed fix will only require a software update, while the 1.6-liter models may require additional hardware to meet the German emission standards. The [Ex. 6 Personal Privacy (PP)] official explained that the KBA and technical experts will complete an in-depth review of the proposed retrofit plan before giving VW the green light to proceed with the recall. The Ministry is not considering fines or other punishments for Volkswagen. Its focus is rather on designing solutions for the problems. The official was confident that the participation rate in the recall will be very high as previous recalls had almost a 100 percent participation rate. This is due to the central register in Germany, which allows identification of every vehicle owner. Germany's federal states would have the authority to withdraw driving permissions if car owners fail to bring their cars in for the retrofit.

## Real Road Testing

4. (SBU) An official [Ex. 6 Personal Privacy (PP)] told EconOffs the European Commission agreed on October 28 to introduce new testing practices which require nitrogen oxide (NOx) levels to be measured during vehicle road tests for diesel cars, in addition to laboratory conditions. Such road testing will likely also become part of Germany's vehicle type approval process, the [Ex. 6 Personal Privacy (PP)] official opined. The new rules and testing procedures will take effect in September 2017 for new-model cars. New cars of existing models will be required to meet the new testing standards starting in 2019. The EU agreed that on-road NOx results will be allowed to be 2.1 times as high as lab emissions for a 28-month period after the new tests are introduced. In a second step, the allowable road test emissions will be reduced to 50% above the lab tests (by January 2021 for all new vehicles).

5. (SBU) Representatives from the International Council on Clean Transportation (ICCT), the organization that initiated the first testing of diesel cars in the United States and that alerted the Environmental Protection Agency (EPA) of the high discrepancies between lab and on-the-road NOx emissions, expressed to us dissatisfaction with the new EU testing regulations and the German government's response. Although they were pleased the EC will incorporate road testing in the new vehicle type approval procedures, they noted that the "conformity factor" or the permissible difference between lab and road test emissions of 2.1 from 2017 and 1.5 from 2021 on is too high. In addition, ICCT representatives complained the allowed NOx emission levels are up to four times higher in the EU as compared to the United States. The ICCT representatives would have preferred a US-level emission limit in the EU and a conformity factor of 1.4 starting in 2017, but said the auto manufacturer lobby in Europe had too much influence on the Commission. They also viewed the U.S. response to Volkswagen as much more effective and predicted that the company would put most of its advanced technology into U.S. models in an effort to appease U.S. authorities and meet higher U.S. emissions standards. They opined that the German government's response has been weak in light of the enormous political and economic importance of the automobile industry in Germany.

### Ex. 6 Personal Privacy (PP)

reiterated this argument in a meeting with EconOffs accusing the government of being too soft on Volkswagen in an effort to prevent the carmaker from suffering too much damage.

## KBA Finds Elevated NOx Emission Levels in Vehicles from Other Manufacturers

6. (SBU) The [Ex. 6 Personal Privacy (PP)] official informed EconOffs that the KBA was ordered to test the emission levels of 54 diesel-fueled vehicle types from 16 carmakers as a response to the VW scandal and found major discrepancies between NOx emission levels in lab testing and vehicle road tests in many models. Carmakers under scrutiny include Daimler, VW, BMW, Ford and General Motor's Opel, but the KBA so far has not announced which vehicles from which automaker produced higher emission levels during road testing. The publication of the KBA's final report on this matter could still take up to several months, the official stated. The ICCT representatives were not surprised about KBA's findings as early indications from other ongoing testing

of additional diesel vehicles in Europe have produced similar results. They said that certain diesel engine vehicles from GM/Opel, Hyundai, Renault, and Volvo were also exhibiting excessive NOx emissions (more than 10 times the laboratory results) during normal road tests. According to the ICCT representatives, it is not yet clear whether the elevated emission levels can be explained by the use of illegal behavior such as the use of defeat devices.

Understated CO2 Levels

7. (SBU) Volkswagen acknowledged on November 3 that internal investigations revealed the company also understated CO2 emission levels of 800,000 Volkswagen cars sold in Europe. The official Ex. 6 Personal Privacy (PP) Ex. 6 Personal Privacy (PP) pointed out that there are no limits on CO2 emissions in Germany’s vehicle type approval process. However, as CO2 emissions are connected to fuel consumption, the level of CO2 emissions determines the amount of vehicle tax that car owners must pay on an annual basis. German Transport Minister Dobrindt stated that a total of 200,000 cars with the wrong CO2 emissions data could be on Germany’s roads, and for these vehicles the car tax may need to be adjusted upwards retroactively. During a November 4 speech in the Bundestag, Transportation Minister Dobrindt called on Volkswagen to cover any costs that could result from higher motor vehicle taxes for consumers. The company put a preliminary estimate of the cost of the understated CO2 levels at about two billion euros. Minister Dobrindt said that the majority of the 800,000 affected cars are diesel-fueled vehicles, while 98,000 are gasoline vehicles. Local press reported that the number of gasoline cars impacted by the CO2 issue could be higher, but that the estimated total number of impacted vehicles remains at 800,000.

8. (SBU) **COMMENT:** As manipulation of the vehicle type approval process by auto manufacturers may not have been considered previously a strong possibility by German government authorities, current regulations do not include the concept of fines or penalties for violations. Government officials stated that the German system generally is based on cooperation and that fines, such as those proposed by the U.S. Environmental Protection Agency (EPA), can have a “detrimental impact” on the company’s ability to follow through with implementing remedies such as the recall and retrofit of all impacted vehicles fixing. As a result, the German government appears to believe that by ordering Volkswagen to retrofit all affected cars and to abide by new testing procedures to include road testing, it has taken the necessary steps to resolve the situation and to prevent similar cases from happening in the future. However, both consumer protection groups as well as Greens politicians demand higher emission levels and more stringent vehicle testing. They believe the government is still placing the automobile industry above climate and health goals. The overall impact on Germany’s vital car industry is still yet to be determined and will depend on whether other German and non-German manufactures have also used illegal technology to lower their emissions during test cycles. **END COMMENT**

Signature:

EMERSON

Drafted By:

Berlin Ex. 6 Personal Privacy (PP) Ex. 6 Personal Privacy (PP)

Cleared By:

ECON Ex. 6 Personal Privacy (PP) Ex. 6 Personal Privacy (PP)

ECON Ex. 6 Personal Privacy (PP)

ECON Ex. 6 Personal Privacy (PP) Ex. 6 Personal Privacy (PP)

Approved By:

ECON Ex. 6 Personal Privacy (PP) Ex. 6 Personal Privacy (PP)

Released By:

Berlin Ex. 6 Personal Privacy (PP) Ex. 6 Personal Privacy (PP)

Info:

DEPT OF  
TRANSPORTATION  
WASHINGTON  
DC *ROUTINE*

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**Dissemination Rule:** Released Copy

UNCLASSIFIED  
SBU

Message

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**From:** Simon, Karl [Simon.Karl@epa.gov]  
**Sent:** 4/21/2016 3:37:34 PM  
**To:** Phillips, Anna [Phillips.Anna@epa.gov]  
**CC:** Blubaugh, Jim [Blubaugh.Jim@epa.gov]; Grundler, Christopher [grundler.christopher@epa.gov]  
**Subject:** Re: Notes on the April 19 meeting of the European Parliament's inquiry committee on car emissions

I asked Barbara at the EC as well. Hopefully their stories match up.

Driving Innovation in Clean Transportation

On Apr 21, 2016, at 11:23 AM, Phillips, Anna <Phillips.Anna@epa.gov> wrote:

Jim and Karl, had you heard about Giovanni being "removed from his position a few days ago" as noted in the highlighted text below...?

~~~~~  
Anna Phillips
Program Manager for Europe
U.S. Environmental Protection Agency (EPA)
Office of International & Tribal Affairs
Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427
E-mail: phillips.anna@epa.gov
<http://www2.epa.gov/international-cooperation>



Please consider the environment before printing this message.

From: [Ex. 6 Personal Privacy (PP)] (USEU) [mailto:[Ex. 6 Personal Privacy (PP)]@state.gov]
Sent: Thursday, April 21, 2016 5:09 AM
To: Grundler, Christopher <grundler.christopher@epa.gov>; Blubaugh, Jim <Blubaugh.Jim@epa.gov>; Simon, Karl <Simon.Karl@epa.gov>; Phillips, Anna <Phillips.Anna@epa.gov>
Cc: [Ex. 6 Personal Privacy (PP)] (USEU) [Ex. 6 Personal Privacy (PP)]@state.gov; [Ex. 6 Personal Privacy (PP)] (USEU) [Ex. 6 Personal Privacy (PP)]@state.gov; [Ex. 6 Personal Privacy (PP)]@state.gov; [Ex. 6 Personal Privacy (PP)] (USEU) [Ex. 6 Personal Privacy (PP)]@state.gov
Subject: Notes on the April 19 meeting of the European Parliament's inquiry committee on car emissions

Dear colleagues,

Please find below my notes on the April 19 meeting of the European Parliament's inquiry committee on car emissions.

Kind regards,

[Ex. 6 Personal Privacy (PP)] USEU

Notes European Parliament Committee of Inquiry into Emission Measurements in the Automotive Sector (EMIS) – April 19, 2016

Ms. Delilah Al-Khudhairy, JRC Director

- Provided history of JRC's research on PEMs for trucks and buses (starting in 2004), PEMs on passenger cars (starting in 2007), and on the development of RDE testing (since 2011).
- Reported that JRC's PEMs testing of diesel cars in 2007 revealed very high NOx emissions (4-7 times the limit), which was inconsistent with the lab test results. Al-Khudhairy claimed JRC had not considered the possible use of defeat devices.
- Stated that JRC also participated in the Commission's working group on RDE testing initiated in 2010. Their 2013 report concluded that PEMs would be the preferred procedure for RDE testing.
- Many MEPs found it hard to believe that JRC, following the excessive NOx emissions observed during on-road testing in 2007, did not take any initiative to find out whether defeat devices were used. They commented that their use should not have come as a surprise given that defeat devices had already been detected by EPA on trucks as early as 1998.
- Al-Khudhairy explained that JRC was a research facility of the Commission and was not involved in market surveillance or enforcement of legislation (Note. This should change if the Commission's newly proposed legislation on type approval of cars passes).
- The Greens (Claude Turmes) tried to discredit Ms. Khudhairy by stating that she had only been in her current position since November 2015. They also speculated that JRC Director General Sucha had removed Director for Energy and Transport Giovanni de Santi from his position a few days ago, to prevent him from representing the JRC at the hearing. Ms. Khudhairy denied that this was the case and said there had simply been a reshuffling of leadership positions, which would be common practice in the European Commission.

A copy of Ms. Al-Khudhairy's full remarks can be found [here](#).

Vicente Franco, ICCT researcher

- Reported on ICCT's 2013-2014 research cooperation with West Virginia University that led to action by EPA and CARB that uncovered the use of defeat devices by VW.
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- He claimed that modern diesel trucks emit less NOx than modern diesel cars.
- Franco Praised the EU's proposal to use PEMS testing as part of the new type approval system. However, he encouraged the EU to also:
 - include RDE testing for in-service checks,
 - expand boundary conditions for testing (i.e. cold start testing),
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Mr. Franco's speech is available [here](#), his slides [here](#).

The EMIS secretariat will publish a transcript of the meeting in English within 10 days.

This email is UNCLASSIFIED.

Message

From: Phillips, Anna [Phillips.Anna@epa.gov]
Sent: 4/21/2016 10:50:32 PM
To: Blubaugh, Jim [Blubaugh.Jim@epa.gov]
CC: Simon, Karl [Simon.Karl@epa.gov]; Grundler, Christopher [grundler.christopher@epa.gov]
Subject: RE: Notes on the April 19 meeting of the European Parliament's inquiry committee on car emissions

Thanks, Jim -- and please keep me posted.

Anna Phillips


Program Manager for Europe
U.S. Environmental Protection Agency (EPA)
Office of International & Tribal Affairs
Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427
E-mail: phillips.anna@epa.gov
<http://www2.epa.gov/international-cooperation>



Please consider the environment before printing this message.

From: Blubaugh, Jim
Sent: Thursday, April 21, 2016 11:28 AM
To: Phillips, Anna <Phillips.Anna@epa.gov>
Cc: Simon, Karl <Simon.Karl@epa.gov>; Grundler, Christopher <grundler.christopher@epa.gov>
Subject: Re: Notes on the April 19 meeting of the European Parliament's inquiry committee on car emissions

No. I asked  to dig into it a little more to see if it's even accurate. -Jim

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<image001.jpg> *Please consider the environment before printing this message.*

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This email is UNCLASSIFIED.

Message

From: Blubaugh, Jim [Blubaugh.Jim@epa.gov]
Sent: 4/21/2016 2:11:05 PM
To: Simon, Karl [Simon.Karl@epa.gov]
CC: Grundler, Christopher [grundler.christopher@epa.gov]
Subject: Re: Notes on the April 19 meeting of the European Parliament's inquiry committee on car emissions

I only saw the reference in [REDACTED] notes. I will ask him to dig into it a little for us.

Jim

On Apr 21, 2016, at 9:09 AM, Simon, Karl <Simon.Karl@epa.gov> wrote:

Did Giovanni actually get moved? Haven't seen anything on that

Driving Innovation in Clean Transportation

Begin forwarded message:

From: "Blubaugh, Jim" <Blubaugh.Jim@epa.gov>
Date: April 21, 2016 at 10:03:50 AM EDT
To: [REDACTED] (USEU)" [REDACTED]@state.gov
Cc: "Grundler, Christopher" <grundler.christopher@epa.gov>, "Simon, Karl" <Simon.Karl@epa.gov>, "Phillips, Anna" <Phillips.Anna@epa.gov>, [REDACTED] (USEU)" [REDACTED]@state.gov", [REDACTED] (USEU)" [REDACTED]@state.gov", [REDACTED] (USEU)" [REDACTED]@state.gov", [REDACTED] (USEU)" [REDACTED]@state.gov
Subject: Re: Notes on the April 19 meeting of the European Parliament's inquiry committee on car emissions

[REDACTED]

Thank you very much for sharing your notes. Seems like things are heating up with the Committee and your notes are very helpful to us. As you know we have been informally invited to speak to the committee and suggested a timeframe of this Fall to do so.

Thanks again.

Jim

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The EMIS secretariat will publish a transcript of the meeting in English within 10 days.

This email is UNCLASSIFIED.

Message

From: Grundler, Christopher [grundler.christopher@epa.gov]
Sent: 10/21/2015 12:30:32 PM
To: Phillips, Anna [Phillips.Anna@epa.gov]
CC: Blubaugh, Jim [Blubaugh.Jim@epa.gov]
Subject: Re: Emailing: VW Scandal Exposes Cozy Ties in Europe's New Car Tests - The New York Times.htm

This ok to include in background materials. It omits a few other details about the many differences between the US and EU regimes, including the fact that our regulatory test cycles are way more demanding (we have 5, EU has one)

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. Environmental Protection Agency
202.564.1682 (Washington)
734.214.4207 (Ann Arbor)
www.epa.gov/otaq

On Oct 20, 2015, at 12:57 PM, Phillips, Anna <Phillips.Anna@epa.gov> wrote:

Chris, FYI... Also, please let me know if you think this article is accurate enough to merit including (with formatting corrections) in Gina's briefing memos to provide background for her upcoming meetings.

Many thanks...
Anna

~~~~~  
**Anna Phillips**  
*Program Manager for Europe*  
*U.S. Environmental Protection Agency (EPA)*  
*Office of International & Tribal Affairs*  
*Washington, D.C. 20460*

*Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427*  
*E-mail: [phillips.anna@epa.gov](mailto:phillips.anna@epa.gov)*  
*<http://www2.epa.gov/international-cooperation>*



*Please consider the environment before printing this message.*

---

**From:** [Ex. 6 Personal Privacy (PP)] (USEU) [mailto:[Ex. 6 Personal Privacy (PP)]@state.gov]  
**Sent:** Tuesday, October 20, 2015 6:17 AM  
**To:** Phillips, Anna <[Phillips.Anna@epa.gov](mailto:Phillips.Anna@epa.gov)>  
**Subject:** Emailing: VW Scandal Exposes Cozy Ties in Europe's New Car Tests - The New York Times.htm

Anna,  
This article explains how there is no independent government body that is responsible for not running the emissions tests and enforcing emissions requirements. It explains how the EPA complements other

## Ex. 5 Deliberative Process (DP)

Ex. 5 Personal Privacy (PP)

<http://www.nytimes.com/2015/10/15/business/international/cozy-relations-complicate-europes-bid-for-new-car-tests.html?mabReward=CTM&module=WelcomeBackModal&contentCollection=International%20Business&region=FixedCenter&action=click&src=recg&pgtype=article>

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## VW Scandal Exposes Cozy Ties in Europe's New Car Tests

By DANNY HAKIM and GRAHAM BOWLEY

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LONDON -- Three diesel cars were taken out for a trial run last year by a German engineering and testing company. Employees at the company, TÜV Nord, drove the cars in Stuttgart and in Munich, and in suburbs, on country roads and on highways.

What they found was that all of the cars -- a Volkswagen, a BMW and a Mazda -- gave off far more pollutants than they did in lab tests, in some cases, more than six times the limit under new European regulations. For TÜV Nord, the research was just another confirmation of the shortcomings of the existing European lab tests.

The Hanover-based TÜV Nord knows as much as any company about how diesels perform on the road and in the lab. Widely regarded for its engineering expertise, the company has been a major force in developing a more accurate testing process for Europe's cars, which is expected to be introduced in the next year or so.

But the scandal at Volkswagen has exposed the deep conflicts in the chummy world of European emissions testing, where car manufacturers hire outside firms to certify their pollution controls in laboratories. Not only is TÜV Nord at the forefront of finding a new testing regimen for automakers, but it is also the company that signed off on VW's emissions tests in Europe.

Many of Volkswagen's vehicles, the automaker admitted last month, included software programmed to cheat on laboratory emissions tests. Given TÜV Nord's testing expertise, the situation raises questions about what, if anything, it knew about VW's tactics. And it



highlights the weaknesses in a system that relies on contractors paid by carmakers to carry out the tests.

Since Volkswagen admitted the deception, TÜV Nord has been largely silent. A spokeswoman declined to comment on the specifics of the Volkswagen case, including whether the vehicles it tested were programmed to thwart laboratory tests, or if it had raised concerns about the vehicles' performance on the tests.

In an email, the spokeswoman said little beyond confirming that TÜV Nord performs emission measurements within the framework of the approval process for models of different vehicle manufacturers (among others for VW).

Who conducts emissions tests and how they are done remains a central question on both sides of the Atlantic after the Volkswagen scandal. While regulators in the United States allow automakers to do their own testing, the American system is seen as more robust than Europe, because the Environmental Protection Agency conducts random tests of its own.

Although Volkswagen's deception was particularly egregious, testing firms in Europe are generally seen as assisting automakers employ what are legal strategies to help their vehicles reduce their pollution in a lab in ways they never could on the road. Among other problems with the process, automakers in Europe can run their tests on preproduction cars that may not perform like the cars that ultimately come off the assembly line.

"Testing companies assist with the distortion of laboratory test results to produce artificially low results," said Greg Archer, the clean vehicles program manager at Transport & Environment, an advocacy group. "We have testing organizations that are working for the carmakers, exploiting all the loopholes that they can in an obsolete testing procedure."

TÜV Nord, which is privately held, has its roots as one of a number of trade associations set up to inspect steam boilers in 19th-century Germany. Now it has more than 10,000 employees around the world and inspects everything from satellite components to computer networks, and operates a food testing laboratory in Pune, India.

While one of TÜV Nord's promotional videos notes its "objective outside viewpoint," the company has a close relationship with Volkswagen, which goes beyond emissions testing.

TÜV Nord has also worked for Volkswagen in the United States; its engineers spent a week auditing environmental compliance at the carmaker's plant in Chattanooga, Tenn., before production started in 2011. One of the members of TÜV Nord's supervisory board, Stephan Schaller, has also been an executive at both Volkswagen and BMW during his tenure on the TÜV board.

This spring, TÜV Nord's chairman, Guido Rettig, posed for a photograph next to Martin Winterkorn, then the chief executive of Volkswagen. Both men smiled as Mr. Rettig awarded Mr. Winterkorn and Volkswagen with an oversized certificate for overall quality excellence "throughout its entire organization," according to a news release.

"It testifies to the outstanding work of everyone at VW," Mr. Winterkorn said at the time.

Following the Volkswagen scandal, automakers have publicly embraced the on-road tests that TÃœV Nord and other groups are helping develop in Europe, though they are also lobbying behind the scenes to make them much easier to pass.

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None dispute that their cars emit more on the road than they do in the precise conditions of lab tests, as studies have shown. Volkswagen did not respond to requests for comment, but the two other companies involved in the TÃœV Nord test last year acknowledged such differences.

â€œThe driver may brake and accelerate more frequently, and ascend steeper slopes than is done during testing,â€• said Graeme Fudge, a Mazda spokesman. â€œAll of these factors will increase engine emissions.â€•

Michael Rebstock, a spokesman for BMW, said the company supported â€œrapid introduction of the new regulations to create clarity for consumers and the industry as quickly as possible.â€•

Concerns about diesel pollution have long festered in Europe, where diesels are more popular than anywhere else, and regulators have spent several years trying to develop tests outside laboratories. The United States has required such tests on large diesel trucks since a similar cheating scandal in 1998, but Europeâ€™s will be the first required for cars by regulators anywhere.

With its extensive research, TÃœV Nord, which has been developing portable testing equipment for trucks for more than a decade, was a natural partner on the project. The company has been a regular presence at a technical working group advising policy makers in Brussels, the seat of the European Commission.

Even environmental advocacy groups have sought TÃœVâ€™s help. Transport & Environment has taken part in discussions about the new European tests and has used TÃœV Nord for one of its own studies.

The International Council on Clean Transportation, which oversaw the independent tests of diesel emissions that led to the Volkswagen scandal, is currently collaborating on a study with TÃœV Nord of emissions from diesel-electric hybrid vehicles.

Vicente Franco, a researcher at I.C.C.T. who has taken part in meetings in Brussels with officials from TÃœV Nord, said the company â€œmade meaningful contributions that were meant to make the on-road tests more robust.â€•

Still, Mr. Franco conceded that the interconnectedness underscores the vulnerabilities of the system. â€œThere is a financial dependency between the technical services and manufacturers that at some point should be rethought to improve the confidence in the system, but this is a long-term process, and it takes a lot of political will,â€• he said.

Many policy makers have faulted the passive role played by regulators and believe there is a need for far more independent tests. Regulation in Europe is handled by each of the 28 member states, and there is little enforcement.

“We are definitely against having self-regulatory tests, because obviously they are not working,” said Miriam Dalli, a Social Democrat from Malta who sits on the European Parliament’s environmental committee. “We need an independent testing system.”

Giovanni La Via, the chairman of the Parliament’s environmental committee, says there needs to be a new European agency to oversee car testing in the 28 member states.

“European institutions react after a scandal,” said Mr. La Via, a member of the center-right European People’s Party, the largest bloc in the Parliament. “We need to use the same procedure for all the car producers. We cannot maintain 28 different systems.”

Danny Hakim reported from London, and Graham Bowley from Wolfsburg, Germany.

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